

KANSAS OFFICE *of*
REVISOR *of* STATUTES

LEGISLATURE *of* THE STATE *of* KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: January 26, 2021

Subject: Senate Bill No. 13

Summary

Senate Bill No. 13 relates to property taxation. The bill would establish new notice and public hearing requirements prior to the approval by a governing body of a taxing subdivision to exceed its revenue neutral rate for property tax purposes and discontinue the city and county tax lid effective January 1, 2021. The bill would prohibit valuation increases of real property solely as the result of normal repair, replacement or maintenance of existing structures or improvements and provide the county treasurer the authority to establish a payment plan for the payment of delinquent or nondelinquent property taxes.

New Section 1 requires the governing body of any taxing subdivision to provide certain tax information and a public hearing if the governing body intends to exceed its revenue neutral rate.

“Revenue neutral rate” is defined as the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year’s total assessed valuation.

The county clerk on or before June 15 of each year would be required to calculate the revenue neutral rate for each taxing subdivision.

No tax rate in excess of the revenue neutral rate could be levied by the governing body unless a resolution or ordinance had been approved by the governing body according to the procedure listed in the section. The procedure includes:

(1) The governing body shall publish notice of its proposed tax rate, its revenue neutral rate and the date, time and location of the public hearing on the website at least 10 days before a public hearing.

(2) The governing body shall inform the county clerk of its intent to exceed the revenue neutral rate on or before July 15, and the county clerk shall send a notice to each taxpayer with property in the taxing subdivision of such intent. The county clerk shall consolidate the required information for all taxing subdivisions relevant to the taxpayer's property on one notice in a format prescribed by the director of accounts and reports. The notice would include the revenue neutral rate of each taxing subdivision relevant to the taxpayer's property and the proposed tax rates of those taxing subdivisions providing notice of their proposed intent to exceed their revenue neutral rates. The notice would provide property specific information including the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement and the appraised value and assessed value of the taxpayer's property for the current year. The notice would also provide tax estimates for the current tax year on the taxpayer's property based on the revenue neutral rate and any proposed tax rates that exceed the revenue neutral rates together with the difference between the two estimates for those taxing subdivisions proposing to exceed the revenue neutral rate. The date, time and location of the public hearing would be included. Although the state of Kansas is not a taxing subdivision for purposes of this section, the notice would include a statement of the statutory mill levies imposed by the state and the estimate of tax for the current year on the taxpayer's property based on such levies.

The costs associated with the printing and postage of the notice would be shared by the taxing subdivisions proposing to exceed their revenue neutral rates.

(3) The governing body shall conduct a public hearing on or before September 10. The hearing may be held in conjunction with the proposed budget hearing. Nothing in this section shall be construed to prohibit additional public hearings that provide additional opportunities to present testimony or public comment prior to the public hearing required by this section.

(4) A majority vote of the governing body, by the adoption of a resolution or ordinance to approve exceeding the revenue neutral rate, shall be required prior to adoption of a proposed budget that

will result in a tax rate in excess of the revenue neutral rate. Such vote of the governing body shall be conducted at the public hearing after the governing body has heard from interested taxpayers. If the governing body approves exceeding the revenue neutral rate, the governing body shall not adopt a budget that results in a tax rate in excess of its proposed tax rate as stated in the notice provided pursuant to this section.

If a governing body fails to comply with the notice and hearing procedures, the governing body is required to refund any taxes collected above the revenue neutral rate to the taxpayers.

School districts are exempt from these new notice and public hearing requirements, but the county clerk shall include some tax information about school districts on the notice.

If the governing body of a taxing subdivision must conduct a public hearing to approve exceeding the revenue neutral rate under this section, the governing body shall certify, on or before September 20, to the proper county clerk the amount of ad valorem tax to be levied.

The provisions of new section 1 would take effect and be in force from and after January 1, 2021.

Section 2 amends K.S.A. 79-1460 to provide that the valuation for all real property shall not be increased solely as the result of normal repair, replacement or maintenance of existing structures, equipment or improvements on the property. The bill further provides that “normal repair, replacement or maintenance” does not include “new construction” which is defined as the construction of any new structure or improvements or the remodeling or renovation of any existing structures or improvements on real property. The amendment would take effect on and after July 1, 2021.

Section 3 amends K.S.A. 79-1801 to provide that, on and after January 1, 2021, if the governing body of a taxing subdivision must conduct a public hearing to approve exceeding the revenue neutral rate under section 1, and amendments thereto, the governing body shall certify, on or before September 20, to the proper county clerk the amount of ad valorem tax to be levied.

Section 4 amends K.S.A. 79-2024 to allow a county treasurer to establish a payment plan for delinquent or nondelinquent property taxes.

Section 5 amends K.S.A. 79-2925c to discontinue the current city and county tax lid commencing January 1, 2021.

The bill would take effect from and after its publication in the Kansas register.